



Telecom Decision CRTC 2017-437

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Canadian Administrator of VRS (CAV), Inc. – Application requesting video relay service funding for 2018

*The Commission **approves** the application submitted by the Canadian Administrator of VRS (CAV), Inc. (CAV) for \$7,463,867 in funding from the National Contribution Fund (NCF) for 2018. This amount is to be disbursed by the NCF to the CAV in 12 equal monthly instalments, beginning in January 2018. Access to this funding will enable the CAV to continue to offer video relay service in Canada to the benefit of all Canadians, as envisioned by the Commission in Telecom Regulatory Policy 2014-187.*

Background

1. Video relay service (VRS) enables people who use sign language to conduct telephone calls and communicate with voice telephone users using sign language. VRS connects a sign language user with another party via an operator who can interpret between sign language and spoken language.
2. In Telecom Regulatory Policy 2014-187, the Commission
 - determined that VRS must be offered in Canada;
 - established a \$30 million funding cap to cover all administrative and service-related costs for VRS;¹
 - decided that VRS would be overseen and implemented by an independent VRS administrator; and
 - set out the minimum requirements that the VRS administrator must meet in order for funds to be released from the National Contribution Fund (NCF) for VRS.
3. Then, in Telecom Regulatory Policy 2014-659, the Commission approved the structure and mandate of the VRS administrator, known as the Canadian Administrator of VRS (CAV), Inc. (CAV). In particular, the Commission approved the CAV funding process, whereby an annual budget would be approved by the

¹ As noted in paragraph 75 of Telecom Regulatory Policy 2014-187, the Commission indicated that it could take several years for VRS to become operational, and that until the service is in operation, the required funding would primarily be for administrative purposes.

Commission before expenditures are incurred,² and amounts would be disbursed in equal monthly instalments from the NCF.³

4. SRV Canada VRS, the VRS developed by the CAV, launched on 28 September 2016 in both American Sign Language and Langue des signes québécoise.

Application

5. The Commission received an application from the CAV, dated 26 July 2017, requesting that the Commission approve its proposal to seek \$7,463,867 in funding from the NCF for 2018. The amount represents projected expenditures of \$20,153,416 for 2018, minus a projected surplus of \$12,610,257 for 2017 and an estimated investment income of \$79,292 in 2018. A breakdown of the costs by expense category is set out in the Appendix to this decision.⁴
6. The Commission received no interventions regarding the CAV's application. The public record of the proceeding, which closed on 1 September 2017, is available on the Commission's website at www.crtc.gc.ca or by using the file number provided above.

Commission's analysis and determinations

7. The Commission notes that there is a significant difference between the amount requested in the CAV's application for funding for 2017 (\$26,086,098) and its current request for 2018, predominantly due to a projected surplus for operations in 2017. In this regard, the CAV's usage assumptions for 2017, as set out in its funding application for that year, were initial forecasts developed after thorough research before operations commenced; however, given that 2017 was the first year of operation for SRV Canada VRS, there was significant uncertainty at the time in relation to actual usage following launch.
8. At this time, the CAV is projecting a surplus of \$12,610,257 for 2017. This projected surplus is largely due to the average usage per customer being 32 minutes/month versus the 100 minutes/month that was forecast. However, the Commission expects that such budget variances will be minimized going forward as growth rates and usage patterns on which the CAV's budget is based will become more certain. As such, the CAV's requests for funding from the NCF will become more predictable.
9. Furthermore, the Commission notes that the CAV's expenditures are estimated to be \$20,153,416 in 2018, given that the CAV has been expanding its hours of operation and operates 24 hours a day, 7 days a week as of 2 October 2017, and that the number

² The CAV must submit its projected annual budget to the Commission by 31 July each year for approval.

³ See paragraph 47 of Telecom Regulatory Policy 2014-659.

⁴ Some information was provided to the Commission in confidence.

of registered VRS users is expected to grow from 4,400 as of 30 June 2017 to some 6,000 by the end of 2018.

10. Based on its review of the details of the CAV's application, including its planned VRS-related activities in the upcoming year, the Commission finds the amount of funding requested by the CAV for 2018 to be reasonable. Specifically, as noted above, the CAV's projected expenditures for 2018 of \$20,153,416, combined with its projected surplus of \$12,610,257 for 2017 and its estimated investment income in 2018, results in the CAV's funding request for 2018 of \$7,463,867.
11. Accordingly, the Commission **approves** the CAV's application seeking \$7,463,867 in funding from the NCF for expenditures expected to be incurred in 2018.
12. The Commission **directs** the Central Fund Administrator of the NCF to remit the approved amount of \$7,463,867 to the CAV in 12 equal monthly instalments starting in January 2018.

Secretary General

Related documents

- *Structure and mandate of the video relay service administrator*, Telecom Regulatory Policy CRTC 2014-659, 18 December 2014
- *Video relay service*, Telecom Regulatory Policy CRTC 2014-187, 22 April 2014

Appendix to Telecom Decision CRTC 2017-437

CAV's budget for 2018

Expense category	Estimated expenditures
Operations	\$15,543,101
Professional Services	\$1,578,497
Operations Contingency	\$1,432,848
Wages	\$642,725
Marketing – Education and Outreach	\$418,000
Administration	\$387,794
Board Expenses	\$150,450
Total expenditures for 2018	\$20,453,416⁵
Minus projected surplus from 2017	\$12,610,257
Minus estimated investment income in 2018	\$79,292
Total new request for 2018 funding	\$7,463,867

⁵ Total does not add exactly due to rounding.